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PROPOSED REVISIONS TO THE MEDIUM-TERM PLAN FOR THE PERIOD 1992-1997

MAJOR PROGRAMME IV. INTERNATIONAL COOPERATION FOR DEVELOPMENT

Programme 13. Trade and development

1. The preparation, format and content of the medium-term plan and its revisions are governed by the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation.

2. Regulation 3.11 provides, inter alia, that the medium-term plan shall be revised as necessary every two years to incorporate required programme changes and that the proposed revisions shall be as detailed as required to incorporate the programme implications of the resolutions and decisions adopted by the intergovernmental organs or international conferences since the adoption of the plan.

3. The revisions proposed below modify the relevant parts of the narrative of programme 13, Trade and development, of the medium-term plan for the period 1992-1997, which was adopted by the General Assembly in its resolution 45/253 of 21 December 1990 and subsequently revised by the Assembly in its resolution 47/214 of 23 December 1992 and issued in document A/47/6/Rev.1 and Corr.1. The proposed revisions were submitted to the Working Party on the Medium-Term Plan and the Programme Budget of the Trade and Development Board at its meeting from 20 to 24 June 1994.

4. The Cartagena Commitment, approved by the United Nations Conference on Trade and Development at its eighth session, in its paragraph 68 requires the Trade and Development Board to conduct, midway between Conferences, a review and evaluation of the work programme of the intergovernmental machinery, including its own; of technical assistance programmes; and of the programme budget and medium-term plan, so as to ensure full integration of all work undertaken by the Conference and to establish or adjust priorities.

5. The revisions proposed to programme 13 reflect the outcome of this review and evaluation, which was undertaken by the Trade and Development Board at its fortieth session. The revisions include, inter alia:

(a) The transfer of subprogramme 4, Investment and technology, from programme 13 to programme 17, Science and technology for development, as subprogramme 3, while maintaining its high priority designation;

(b) The programmatic implications of two newly established ad hoc working groups, one on trade, environment and development and the other on the role of enterprises in development.

6. When the modifications proposed for a paragraph below are extensive, deletions appear in square brackets and additions are underlined.

A. Programme

1. General orientation

Paragraph 13.6 — In the last sentence, after "should be explored", insert as identified by the Ad Hoc Working Groups on Investment and Financial Flows and Interrelationship between Investment and Technology Transfer,".

2. Overall strategy

Paragraph 13.12 — At the end of the paragraph, add "; and by the conclusions and decisions of the Trade and Development Board on the mid-term review of the work programmes of the intergovernmental machinery of UNCTAD (415 (XL))".

Paragraph 13.13 — Replace subparagraph (e) with the following:

"(e) To implement General Assembly resolution 47/212 B so as to enhance the integrated treatment of development and interrelated issues in the areas of trade, finance, investment, services and technology".

Add a new subparagraph (f) as follows:

"(f) To take into account new trading opportunities in the international trading context arising from the Uruguay Round, with respect to developing countries, in particular least developed countries, and countries in transition."

Paragraph 13.26 — Replace paragraph 13.26 with the following:

"13.26 In this regard, the Trade and Development Board, at the resumed second part of its fortieth session, conducted a review and evaluation of the work programmes of the

intergovernmental bodies of UNCTAD and of technical cooperation programmes. It reached conclusions and decisions that will guide the work of UNCTAD for the period up to the next Conference."

Paragraph 13.27 — In the fourth sentence, insert "WTO" after "World Bank".

3. Subprogramme structure and priorities

Paragraph 13.29 — Delete "Subprogramme 4. Investment and technology" and renumber the remaining subprogrammes accordingly.

Paragraph 13.30 — Delete "4,".

SUBPROGRAMME 1. INTERNATIONAL COMPETITION AND TRADE POLICIES

(a) Objectives

Paragraph 13.31 — Add a reference to Trade and Development Board resolution 402 (XXXIX), conclusions 407 (XL), agreed conclusion 411 (XL), and conclusions and decisions 415 (XL), annex I.

Paragraph 13.33 — At the end of the paragraph, add "At the first part of its fortieth session, the Trade and Development Board agreed on a number of specific elements of particular relevance for the further work of UNCTAD in the area of trade and environment, including that eco-labelling programmes should, to the extent possible, take into account the trade and sustainable development interests of producing countries, particularly developing countries and countries in transition (conclusion 407 (XL)). International cooperation on such programmes is required".

Paragraph 13.34 — Amend subparagraph (e) as follows:

"(e) To facilitate trade policy reforms of developing countries, particularly the least developed, through appropriate international support, especially through improved market access and increased flows of financial resources and debt relief".

Insert a new subparagraph (f) and renumber the remaining subparagraphs accordingly:

"(f) To allow for pluralism of approaches towards trade policy reforms, taking fully into account specific country situations and economic, social and cultural characteristics".

At the end of the paragraph, add the following:

"(i) To identify and analyse emerging environmental policy instruments with a trade impact, bearing in mind the need for international cooperation towards ensuring transparency and coherence in making environmental and trade policies mutually supportive, and to ensure to the greatest extent possible that the impact on trading partners, in particular exporters in developing countries and countries in transition, of such instruments is considered at as early stages of their development as possible;

"(j) To examine the effects of environmental policies, standards and regulations on market access and competitiveness, in particular those of the developing countries, especially the least developed among them and countries in transition, taking into account the financial and technological implications;

"(k) To explore the market opportunities and implications for exporters that may result from the demand for 'environmentally friendly' products, taking into account the benefits and cost associated with reducing the negative environmental effect of production processes and consumption;

"(l) To study eco-labelling and eco-certification schemes, and possibilities for international cooperation in this field, taking into account the trade and sustainable development interests of producing countries, particularly developing countries and countries in transition, as well as the effects of the OECD procedural guidelines on integrating trade and environment policies and its future work programme."

(b) Course of action of the secretariat

Paragraph 13.35 — At the end of subparagraph (e), add "and the need for pluralism of approaches towards trade policy reforms, taking fully into account specific country situations and economic, social and cultural characteristics."

In subparagraph (g), after "with the aim of" insert "contributing to".

Paragraph 13.36 — Insert a new subparagraph (k) and renumber the remaining subparagraph accordingly:

"(k) Study emerging environmental policy instruments with a trade impact, the effects of environmental policies, standards and regulations on market access and competitiveness, market opportunities and implications for

exporters of demand for 'environmentally friendly' products, and eco-labelling and eco-certification schemes".

SUBPROGRAMME 2. COMMODITIES

(a) Objectives

Paragraph 13.37 — Add a reference to Trade and Development Board agreed conclusions 411 (XL).

Paragraph 13.38 — Replace the paragraph with the following:

"13.38 The dominant feature of the world commodity economy in the early 1990s was the prevalence of low real prices for most commodities on international markets and a stagnation in commodity export earnings for many producing countries. Demand for commodities grew moderately because of slow economic growth and the declining rate of raw material usage per unit of gross domestic product, notably in industrialized countries. Potential growth in import demand for some commodities was not realized because of severe balance-of-payments difficulties in many countries. In addition, import demand remained low in the countries of Central and Eastern Europe and exportable surpluses increased for some commodities. Stocks of most commodities were large by historical standards. Occasional upward movements in prices were prompted in the main by supply side factors. For a few raw materials a revival of economic growth improved the market situation. Environmental considerations increasingly influenced commodity supply and demand. Developing countries in general remained heavily dependent on commodity exports for their foreign exchange earnings. While some of them experienced a decrease in the share of commodities in their total export earnings, the majority, particularly in Africa and Latin America, still depended on one or two commodities for more than 50 per cent of their export earnings."

(b) Course of action of the secretariat

Paragraph 13.40 — At the end of subparagraph (f), add ", with particular reference to full cost resource pricing".

Paragraph 13.41 — Replace subparagraph (a) with the following:

"(a) Explore global cooperation on, and undertake a comprehensive analysis of, the prospects of the international commodity economy and of commodity policy".

In subparagraph (g), after "analysis" insert ", explore global cooperation".

Insert a new subparagraph (h) and renumber the remaining subparagraphs accordingly:

"(h) Examine the issue of full cost resource pricing and its implementation in support of sustainable development".

SUBPROGRAMME 3. DEVELOPMENT FINANCE AND DEBT

(a) Objectives

Paragraph 13.42 — Add a reference to Trade and Development Board conclusions and decisions "415 (XL), annex I, and to TD/B/40(2)/18.

Paragraph 13.43 — After the fifth sentence, insert "In particular, given the important role of financing in the development of enterprises, which are the primary actors contributing to the development of a country, and in order to enhance entrepreneurship in developing countries and countries in transition, consideration should be given to improving access to adequate sources of finance by enterprises, especially small and medium-sized enterprises."

In the seventh sentence, for "Private lending" read "Private bank lending".

Replace the eighth sentence with "Special importance thus attaches to the mobilization of external finance in forms such as official flows, foreign direct investment and other non-debt-creating flows, including foreign portfolio equity investment and private finance for infrastructure development (particularly in the form of build-operate-and-transfer schemes). Efforts should also continue to work towards long-term solutions to the debt problems that still remain despite recent improvements in the international debt strategy."

Paragraph 13.44 — In subparagraph (b), replace "foreign direct investment" with "foreign portfolio equity investment".

In subparagraph (c), replace "finance for environmental protection and development" with "private finance for infrastructure development, such as build-operate-and-transfer schemes".

Add new subparagraphs (d), (e) and (f), and renumber the remaining subparagraph accordingly:

"(d) Analysis of policy implications deriving from further opening of developing countries' capital markets to foreign investment;

"(e) Identification of steps and measures leading to an appropriate development of capital markets, banking systems and other financial instruments, in support of the development of enterprises, especially small and medium-sized enterprises;

"(f) Exploration of innovative forms of raising finance for environmental protection".

(b) Course of action of the secretariat

Paragraph 13.45 Amend the paragraph as follows:

"13.45 The UNCTAD secretariat will support these objectives [by examination of trends in various categories of financial transfers and analysis of new flows of funds and techniques of resource transfers. In the area of debt, research and analysis will be carried out on the implications of the continuing debt problems for the development process of developing countries and on the evolution of the international debt strategy, encompassing all categories of debt.] by undertaking in-depth research and analysis, facilitating exchanges of national experiences, and providing technical assistance to requesting countries. The work of the UNCTAD secretariat will cover:

"(a) Fresh approaches to intensified international cooperation on development finance, taking into account the increasing role of the private sector;

"(b) Favourable conditions and policies for [attracting foreign direct investment] attracting foreign portfolio equity investment and other non-debt-creating flows (such as build-operate-and-transfer) and their contribution to the development process;

"(c) Problems of access to international capital markets and other sources of external finance;

"(d) [Policies and measures that could contribute to the return of flight capital] Policy implications from further integration in global capital markets;

"(e) The role and improvement of official development assistance in supporting domestic investment efforts;

"(f) Additional and innovative financing for environmental protection development (e.g. the feasibility of tradeable permits and carbon/energy taxes);

"(g) Research and analysis in the area of debt, [as well as technical cooperation with developing countries in debt management and renegotiation, and provision of advice to them on debt issues] particularly on the implications of the continuing debt problems for the development process of developing countries and on the evolution of the international debt strategy, encompassing all categories of debt;

"(h) Technical cooperation with developing countries in debt management and renegotiation, and provision of advice to them on debt issues;

"(i) Appropriate development of capital markets, according to level of development;

"(j) Interactions between enterprise development and the development of capital markets and banking systems, in respect of mobilization of domestic savings and adequate access of enterprises, especially small and medium-sized enterprises, to sources of finance;

SUBPROGRAMME 4. INVESTMENT AND TECHNOLOGY

Move subprogramme 4 to programme 17, Science and technology for development, as subprogramme 3, Investment and technology and renumber the remaining subprogrammes accordingly.

SUBPROGRAMME 6. ECONOMIC COOPERATION AMONG DEVELOPING COUNTRIES

(a) Objectives

Paragraph 13.56 Add a reference to TD/B/CN.3/5, annex I.

SUBPROGRAMME 7. GLOBAL INTERDEPENDENCE: THE INTERNATIONAL TRADING, MONETARY AND FINANCIAL SYSTEMS; INTERNATIONAL IMPLICATIONS OF MACROECONOMIC POLICIES

(b) Course of action of the secretariat

Paragraph 13.67 Delete subparagraph (d) and renumber the remaining subparagraph accordingly.

SUBPROGRAMME 8. ENLARGED ECONOMIC SPACES, REGIONAL INTEGRATION PROCESSES AND SYSTEMIC ISSUES OF INTERNATIONAL TRADE

(a) Objectives

Paragraph 13.68 Add a reference to General Assembly resolutions 48/54 and 48/55 and to agreed conclusions 410 (XL) of the Trade and Development Board.

Paragraph 13.70 — Insert a new subparagraph (c) and renumber the remaining subparagraph accordingly:

"(c) To contribute to a global consensus-building on the new and emerging issues of the international trade agenda, such as trade and environment and competition policy, including their development implications for developing countries".

At the end of the paragraph, add the following:

"(e) To facilitate the integration of developing countries and economies in transition concerned into the international trading system and to assist those countries in taking full advantage of new trading opportunities and to enable them, when appropriate, to make use of the clauses that provide differential and more favourable treatment in accordance with the Final Act signed at Marrakech".

SUBPROGRAMME 9. PRIVATIZATION, ENTREPRENEURSHIP AND COMPETITIVENESS

(a) Objectives

Paragraph 13.73 — Add a reference to the final report of the Ad Hoc Working Group on Comparative Experiences with Privatization (TD/B/40(2)/21) and to Trade and Development Board conclusions and decisions 415 (XL), annex I.

Paragraph 13.75 — Amend the paragraph as follows:

"13.75 Further, it is increasingly being recognized that the use of market signals and the fostering of entrepreneurial initiatives improve efficiency, competitiveness and the contribution of [public and private sectors to development, while governmental actions may be necessary to complement the operation of markets or to correct market deficiencies] enterprises, particularly small and medium-sized enterprises, to development and export expansion. At the same time, government action may be necessary to complement the operation of markets or to correct market deficiencies by creating a favourable enabling environment for the promotion of entrepreneurship and the viable development of enterprises, particularly small and medium-sized enterprises, in areas such as regulatory framework and incentive structures, human resource development, institution-building and institutional support, as well as the informal sector and its integration into the formal economy. Privatization, by helping to mobilize savings and investment and to

strengthen capital markets, can improve the access of small and medium-sized enterprises to capital for their development."

Paragraph 13.76 — At the end of subparagraph (d), add ", taking into account the results of the work of the Ad Hoc Working Group on Comparative Experiences with Privatization, in particular the Indicative Elements for Consideration in the Formulation of Privatization Programmes".

In subparagraph (f), replace "enterprise development" with "the development of viable enterprises, particularly small and medium-sized enterprises, including the role of the latter as instruments of export development".

(b) Course of action of the secretariat

Paragraph 13.77 — Add a new subparagraph (g) and renumber the remaining subparagraph accordingly:

"(g) Identifying policies and measures needed for strengthening the enabling environment for the promotion of entrepreneurship and the viable development of enterprises, particularly small and medium-sized enterprises, and their contribution to economic development and export expansion".

Paragraph 13.78 — Delete subparagraphs (b) to (g).

Renumber subparagraph (h) as (b) and amend as follows:

"(b) Undertake studies of selected national experiences in the development of private initiative and entrepreneurship as a factor in [enterprise development and in enhancing the functioning and development of their national economy, with particular emphasis given to sectors falling within UNCTAD's competence, including, for example, the organization of commodity production and trade] the development of enterprises, particularly of small and medium-sized enterprises, and in enhancing their contribution to economic development and export expansion".

Add new subparagraphs (c) and (d) as follows:

"(c) Prepare analytical reports on issues of privatization identified by the Ad Hoc Working Group on Comparative Experiences with Privatization, including post-privatization policy, infrastructure privatization, privatization of pension funds and the development of capital markets, broadening of share ownership, as well as privatization and environmental protection;

"(d) Provide assistance to interested countries, particularly the least developed countries, for the strengthening of national capacity for the formulation of privatization policies and programmes, drawing on the Indicative Elements for Consideration in the Formulation of Privatization Programmes, and taking into account various specific areas identified by the Ad Hoc Working Group on Comparative Experiences with Privatization such as regulatory framework and institutions to deal with privatization and post-privatization issues and public awareness campaigns."

Renumber subparagraph (i) as (e).

Delete subparagraph (j).

SUBPROGRAMME 12. DATA MANAGEMENT

(a) Objectives

Paragraph 13.91 — Add a reference to Economic and Social Council resolutions 1992/37 and 1993/33; to Agenda 21, paragraph 2.15; and to the agreed conclusions of the Working Party on the Medium-Term Plan and the Programme Budget of the Trade and Development Board at its twenty-second session as endorsed by the Board at its third executive session (TB/B/EX(3)/3, para. 53).

Paragraph 13.92 — In subparagraph (a), replace the phrase after "sources," with "and to prepare data for analysis and dissemination of such data for the purpose of studies on development issues".

In subparagraph (b), before "Governments" insert "intergovernmental institutions,".

(b) Course of action of the secretariat

Paragraph 13.93 — Add new subparagraphs (e) and (f) and renumber the remaining subparagraphs accordingly:

"(e) Improve access to and dissemination of statistical information by electronic means within the organization;

"(f) Evaluate, maintain and update the corresponding data bases and disseminate those systems to Member States, including to economic operators".

Paragraph 13.94 — In subparagraph (h), before "Governments" insert "intergovernmental institutions,".

Paragraph 13.95 — Replace "Trade Control Measures Information System focal points" with "national and regional TRAINS focal points".

Paragraph 13.96 — Replace subparagraph (f) with the following:

"(f) Monitor database development on personal computers".

At the end of the paragraph, add the following:

"(g) Provide support to existing mainframe programmes and develop PC-based software tools for the analysis and tabulation of generalized system of preferences data."